

IN THE
INDIANA TAX COURT

NO.49T10-9309-TA-70

TOWN OF ST. JOHN, et al.,)
)
Petitioners,)
)
)
)
DEPARTMENT OF LOCAL)
GOVERNMENT FINANCE as successor)
to the STATE BOARD OF TAX)
COMMISSIONERS,)
)
Respondent.)

MONTHLY REPORT 35

As successor to the State Board of Tax Commissioners, this is monthly report thirty-five from the Department of Local Government Finance under the Court's order dated May 31,2000,729 N.E.2d 242,247. The report explains the Department's activities during April 2003 to implement the Court's order.

Lake County Reassessment

Officials of the Department met with both its contractors for the reassessment project in Lake County as well as assessing officials from each of the townships in Lake County and the Lake County assessor's office on April 8 and 9,2003, in the CLT offices located in Schererville, Indiana. The Department and CLT demonstrated the progress in the reassessment and also the extensive process used in each township to gather and input

data and assure quality control. Members from all eleven townships and the county assessors office attended the meetings.

Many townships were eager to know when they would be receiving the data that will allow them to input data for 2003 pay 2004. While it appears that many townships are close to completion on data gathering and even well on the way to completion on data entering, the contractor has entered the data review stage. The contractor will take a second pass as a quality control measure. In addition, the data cannot be turned over until all townships are completed and equalization performed. The Department explained that the timing of turnover to the township of all of the data is an outstanding issue, but it was anticipated that by the end of this year, the townships would have access to necessary data. The project is on target for its October 1, 2003, roll from the contractor to the Department.

The Department also met with individual members of the Lake County Council, to discuss different legislative issues the council was interested in and the Department reported on their status. The monthly meeting with all parties involving the reassessment project also took place in Schererville, April 9, 2003. The project manager continues to meet and confer on a daily basis to make sure the reassessment is on target. The individual status of each township is attached to this report in an Executive Summary. *See attached Executive Summary.*

A public meeting inviting both members of the Lake County Government and members of the media has been scheduled for May 8, 2003. CLT will provide a similar presentation to that offered to the assessment community in April, in the Crown Point Government Center's Multipurpose Room. Department officials will also be present to

address any questions people may have concerning the current progress and what the future holds for the Lake County Reassessment project, including the recently enacted appeal provisions.

Counties of Concern

There are approximately 23 counties that are lagging behind in the reassessment. The Department is taking steps to provide these counties special attention and advice. Most of these counties have software systems that are processing data at a very slow pace. In others, it appears that the counties were uncertain whether the reassessment would proceed. Results from the March survey indicate that nearly all of these counties are progressing, albeit slowly. Several of them intend to use provisional billing and borrowing to allow county and other taxing units to continue to function until the reassessment is complete. The Department continues to monitor the reassessment progress in Brown County as well. Brown county will hire a third party firm to evaluate their current data and advise them further on how to proceed forward with the reassessment.

Software Certification

The Department of Local Government Finance will not approve final budgets, rates and levies for counties that have not provided final certification of software programs to the Department. Sixty-two (62) counties have certified their software packages are in compliance with the 2002 reassessment manual, rules and guidelines, including all three counties that have in-house systems.

Training

The Department's training division is offering a class on the income approach to property valuation in seven different locations throughout the state in April. The class will also be taught twice in May. A special class on sales disclosure forms was presented at the Northeast District Assessors meeting, April 16, 2003, at the suggestion of the Northwest District Assessors.

Mobile Homes

The Director of the Assessment Division and the General Counsel met with representatives from the Indiana Manufactured Housing Association regarding the current assessment of mobile homes April 3, 2003. They spoke about how to implement the rule and what the current status was regarding the assessment of manufactured homes in Indiana.

Budgets

The Department has certified four county budgets for assessment year 2002. Vanderburgh, Monroe, Wells and Hamilton county budgets have been certified.

County Ratio Studies

The Department approved five county ratio studies in April, increasing the total to 13. Delaware, Elkhart, Fulton, Jennings and Wabash counties all received Department approval in April 2003. This approval allows the county assessor to proceed forward with supplying the county auditor certified values.

It is not prudent or possible, due to the attendant delays, for the Department to independently verify the data behind the equalization studies submitted to the

Department Rather, the Department verifies compliance with the equalization rule. On several occasions, the Department has required additional studies to be performed.

Some counties have reported that they have insufficient data to perform valid sales-assessment ratio studies, especially with regard to commercial and industrial sales and valuation. Many counties have engaged expert assistance to perform aspects of the reassessment, including equalization, or have in-house expertise in the new reassessment methodology. This is the first time, however, that Indiana has ever performed a reassessment based upon market value principles and the data may simply not be available to provide statistically reliable results.

Accordingly, the Department is working to engage experts in Indiana and elsewhere to perform a property tax reassessment equalization project ,spearheaded by the Indiana Fiscal Policy Institute. The project will be funded in part by the State and in part by business and other concerns, in order to provide truly independent oversight of the process and the results. This study will not only help to provide an independent look at the job the counties did but also will provide information and recommendations on how to go forward.

New Employees

Three new persons started employment with the Department in the month of April. Lori Harmon, was hired as the Assistant Assessment Director, Kostas Pouladidas, was appointed Deputy Commissioner, and Judy Robertson was hired as an Assessor-Auditor I in the Budget Division.

HEA 1535. This Act addresses the appeal process for the 2002 reassessment of real property in Lake County. The Act: (1) allows the Department to contract with Cole Layer Trumble to hold informal hearings with taxpayers and represent the Department in assessment appeal proceedings; (2) establishes informal hearing procedures; (3) provides that a taxpayer must participate in an informal hearing to be eligible to file an assessment appeal; (4) permits the Indiana Board of Tax Review to designate special masters to conduct evidentiary hearings of assessment appeals; and (5) authorizes the Indiana Board and the Department to adopt emergency rules. These provisions expire December 31, 2005.

HEA 1219. This Act permits counties that are lagging in the reassessment to issue provisional property tax billings based on last year's tax liability. It is intended to provide funds to county and local taxing units in counties that have not completed the reassessment. Several counties, including Lake, Allen and Porter, are intending to use this procedure. This Bill also provides temporary borrowing provisions for school corporations.

HRE 1714 & 1814

These bills provide several technical changes to the Tax Code. HEA 1814 makes it clear how and where to appeal orders of the Department where the law is now silent. It also modifies current law to provide that its orders are not subject to the Administrative Orders and Procedures Act and provides that budget, bonding, and equalization orders are appealed directly to Tax Court. It also clarifies the law, stating that equalization is to take

place the year that the general reassessment becomes effective instead of two years before it is performed.

HEA 1814 also modifies the way that the abatement process is done so that these determinations are done at the local level, rather than at the state level. The bill also clarifies some miscellaneous budget issues, including the process for petition and remonstrance in bonding issues.

HEA 1714 mirrors some of the provisions of REA 1814 and also contains some significant other provisions. It provides that the next general reassessment of real property is effective in 2009. In the interim period, however, it requires the Department to develop rules for annual adjustments to real property assessments by 2005.

HEA 1714 also allows a county assessor to intervene or represent the township assessor in review proceedings before the Indiana board of tax review (IBTR) if the notice of appearance is filed before the review proceeding. It permits the IBTR to make a final determination based on a stipulation, but to accord that stipulation limited weight.

HEA 1714 also provides that, if the time *for* the IBTR to issue a final determination expires, the petitioner may either wait for a determination or file for de novo review in the Tax Court. It also permits the IBTR to adopt rules to establish procedures for the conduct of proceedings before the IBTR. It increases the sales disclosure form filing fee to \$10 for calendar years 2004 and 2005 and specifies distribution of the revenue. It permits a political subdivision to receive an advance distribution from the property tax replacement fund.

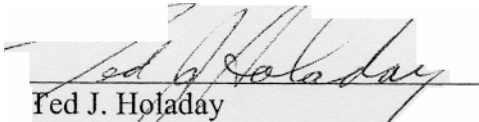
HEA 1714 also reinstates as rules personal property assessment rules and utility rules that were incorporated by reference into statutes by REA 100 1ss and prohibits

amendment or repeal of certain parts of the rules. It also directs county auditors to forward sales disclosure form data to the legislative services agency. It adjusts qualifications for certain civil taxing unit excessive levy appeals. It changes the annual deadline for county auditors to provide information to the state, and imposes a penalty for failure to provide the information by the deadline. It permits the Department to provide training through the Indiana chapter of the International Association of Assessing Officers. REA also enacts provisions that are related to voluntary remediation tax credits.

The Budget Bill, **HEA 1001**, addresses how to establish rates for solid waste districts that cross multiple county lines, and includes language that will allow counties with local homestead credits to allocate all COIT funds available, to a maximum of a flat eight percent credit, for that purpose.

Respectfully submitted,

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